

to it and was allowed to leave the other half to be returned by the play of foreign exchange.<sup>1</sup>

The position of Belgium and of the National Bank will be peculiarly embarrassing if the dissolution of the Latin Union destroys the legal status of the silver coins of one country in the others. Belgian coins would under such circumstances flow rapidly back into Belgium and would be likely to glut the reserves of the bank and make difficult the maintenance of the gold standard. The metallic reserve of the bank averages about 100,000,000 francs, of which only a fourth is now in silver, but the volume of Belgian five-franc pieces outstanding is estimated at 400,000,000 francs, of which about 200,000,000 are in the Bank of France, besides those in active circulation in France.<sup>2</sup> A glut of silver in Belgium would have the tendency to draw gold from the National Bank, while there would be the strongest disposition in the bank to retain gold and force silver into circulation. It would put a severe test upon the credit of the bank and its 800,000,000 francs of paper circulation to attempt to enforce the policy of the Bank of France, to redeem in silver at discretion, and the pressure for gold for export would be strong because of the redundancy of the monetary circulation which the glut of silver would cause. The heroic policy of buying gold and selling silver for what it will bring in the bullion market is favored by some Belgian statesmen and may prove the only effective means of maintaining the gold standard.

The renewal of the charter of the National Bank which was enacted in 1872 extended the life of the institution to

<sup>1</sup> M. Haupt considers France rather than Belgium the victim in this transaction and regrets that her delegates, after securing the consent of the delegates of Italy, Switzerland, and Greece to liquidation in full in gold, yielded to their demand that they have the same privilege as Belgium of liquidating in gold to the extent of only one-half their silver coins accumulating in French hands.—*The Monetary Question in 1802*, 90.  
\* Haupt, 93.